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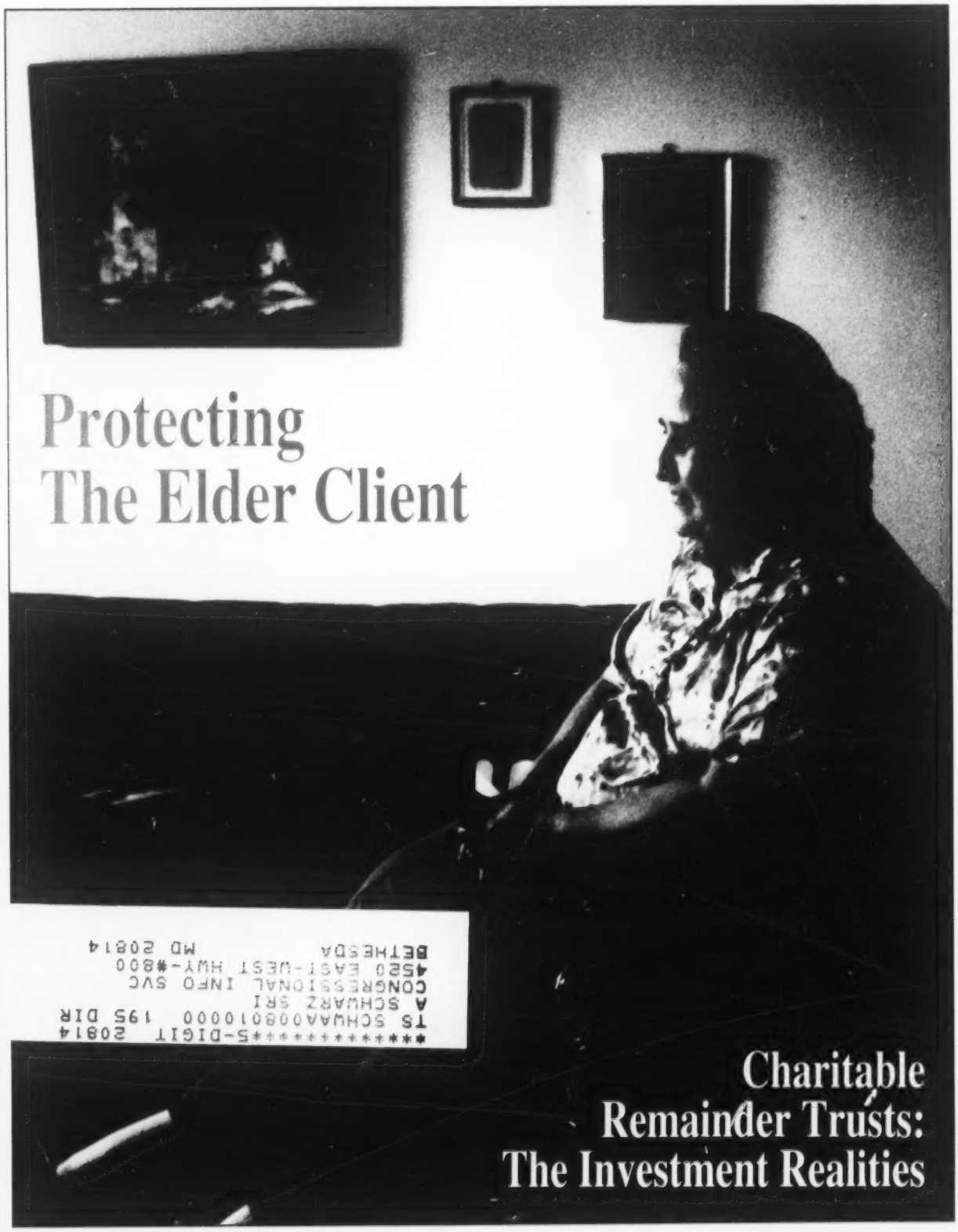

TRUSTS & ESTATES®

Volume 131, No. 7 Estate Planning and Administration since 1904 JULY 1992

Elder Care

Housing Options For The Elderly: Tax, Care And Other Issues / *8*
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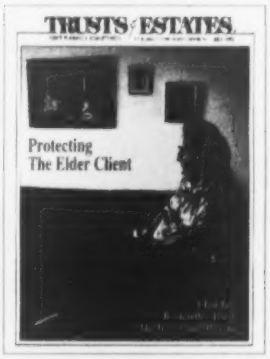
The "graying" of America continues to change the face of the estate planning industry. Elder care is one of a client's greatest concerns. Cover photo courtesy of United Way of Atlanta, GA.



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Editor's Notes

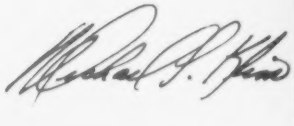
Older Clients Have Universal Concerns

Perhaps it's because my father died over 10 years ago and my mother is just a couple of years away from receiving the first of her Social Security payments that I take this issue on elder care to heart. She has a great many concerns about her senior years and, while none of them are immediate, they trouble her. Although her financial situation is certainly not the same as your client's or customer's, there are nevertheless certain issues that are universal in the older population.

Where will I live? Will I have sufficient money to pay for my medical bills? Who will make decisions for me if I am no longer able to make decisions for myself? These are all extremely worrisome questions for the older person. They seek information and consolation from a great many family and professional sources. One source, particularly for the wealthy individual, is the attorney or trust officer. And, in light of the "graying of America," some of these advisors have made the issue of elder care into a cause celebre.

However, *all* estate planners do need to have a good working knowledge of the planning techniques and services available to elder clients because if they remain clients, these questions will inevitably have to be broached and sensitive, informed answers will need to be given.

This month, we look at housing options for the elderly, trusts that may prove useful in Medicaid funding, state laws regarding guardianship powers, and estate planning using powers of attorney. We hope that these articles will give you some insight into the depth of the problems that your elder clients face and some possible solutions which you can offer them. ◊



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Interest In Long-Term Care Industry Grows

Of the 200 insurance companies surveyed in the sixth annual long-term care survey conducted by Life Association News (LAN), the National Association of Life Underwriters' (NALU) official magazine, 62 of the companies offer individual long-term care (LTC) policies and riders, in contrast with 64 in 1991; the number of companies offering group long-term care policies is up to 17 — only 15 were recorded last year, and individual and group coverage is accessible from 12 of the companies.

NALU Executive Vice President Jack E. Bobo, CLU, FLMI, remarked, "There has been great progress in long-term care insurance products. Consumers now looking for solutions to their long-term care needs will find a variety of policies designed to meet those needs."

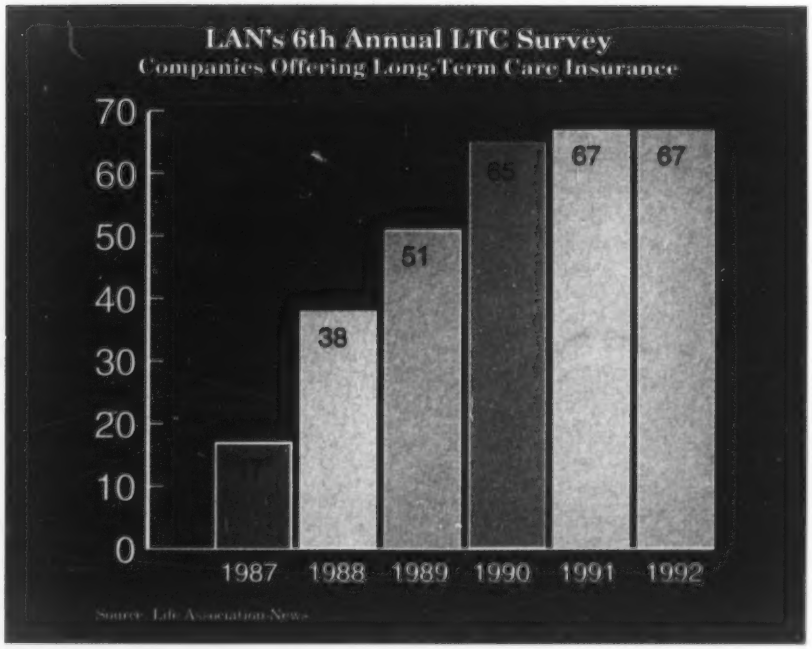
The magazine discovered that 67 respondents provide group and individual long-term care policies as well as riders. Every company that replied covers all organic-based mental illness (i.e., Alzheimer's disease) and any care necessary (skilled, intermediate or custodial).

The majority of the policies also offer benefit packages encompassing home health care, waiver of premium and inflation protection.

Firms have maintained a steady development/improvement strategy with long term care policies, but wariness still exists among certain potential clients.

Adding to confusion over the product is its intricacy and the incertitude of tax treatment of benefits and employer contributions to group programs.

The survey, which appeared in LAN's May issue, is a useful handbook for agents and potential clients alike.



Additional copies of the survey may be obtained free by sending a self-addressed, stamped ($1) envelope to NALU, Public Relations Dept. — LTC92, 1922 F Street, N.W., Washington, D.C. 20006.

Planning Can Prevent Estate Taxation Shock

The federal estate tax doesn't have to be a bitter enemy — careful planning can mean a dramatic savings for beneficiaries, according to panelists in an American Society of CLU & ChFC national video teleconference.

Richard M. Weber, CLU, of The Advisory Group, Lafayette, CA, stated, "The estate tax is currently the highest personal tax levied by the federal government. Of even more critical consequence, the tax will be paid out of your most liquid assets, leaving mostly difficult-to-sell assets." He noted that successful planning for heirs must involve creating a team of qualified professionals.

Regardless of timing, estate plan documentation is critical, recommends panelist Curtis B. Ford, JD, CLU, ChFC, of Northwestern Mutual Life, Mill Valley, CA. "A properly designed plan is really a paper fence that keeps the IRS out of your estate. Be sure your life insurance advisor keeps careful records and has up-to-date documents on file. Of course, the earlier you get your affairs in order, the better."

"Tax law will change, but not all changes are bad," Weber remarked. "Nevertheless, keep in mind that today's new trust will be tomorrow's old one. Be sure you have built-in flexibility."

To receive the "Consumers' Guide on Insurance and Financial Services," write to the American Society of CLU & ChFC, 270 S. Bryn Mawr Ave., Bryn Mawr, PA 19010-2195.

— Perrin Aikens

Aug. 1992 Not Filmed